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it can give them more power to break their bonds with that country. But the main point is that the Chinese businessman is a sharp trader. If the opportunity for profitable trade is presented to him, he is going to do everything he possibly can to do business with the originator of that opportunity.

3. Another advantage of opening trade relations is that this action would re-establish contact and association with the many still pro-US Chinese. It would make them feel less isolated and give them courage and a reason for their pro-US sentiment before the unending anti-US propaganda makes them lose hope. Furthermore, it would provide at least a limited access to information about the situation inside China, so that the US could better understand what to do to further promote commerce and friendship.
4. I do not think the US should recognize China nor allow her in the UN, certainly not at present. I feel that the worst kind of Communist politicians like Chi are in control or are very strongly influencing the control of China at present. Failure to obtain recognition and failure to obtain a seat in the UN have been the cause of a continued loss of face to this regime. Loss of face is serious in the Orient. Perhaps in the future, if trade progresses, recognition might be offered to bring in a more pro-US government in place of the present one. If China finds the USSR cannot obtain a UN seat for her, some other means will probably be sought to achieve this world acceptance.
5. If trade is renewed with China, there are possible other steps that might divorce China from dependence on the USSR. It might be possible in the name of "aiding trade" or some such purpose to furnish technical ability to help China economically, such as agricultural reforms, development of water power, irrigation, etc. These things would build more friendship between the US and China instead of between the USSR and China. The Chinese are smart enough to take advantage of the country which can benefit them most and offer them the most independence. Gradually perhaps a less USSR-oriented and a more US-friendly government would be possible and a less dependent relationship exist between China and the USSR.

6.

Communists had promised the Chinese people that the US would invade. The regime had based the hate-the-US propaganda on this thesis and kept the people keyed up in this expectation. When month after month this invasion failed to materialize, many Chinese became convinced that the Communists were liars. Of course, they dared not express this openly, but they felt it. That was serious loss of face for the regime. It seemed to me remarkably wise that in spite of all the provocations the Chinese gave, the US carried out this policy. As long as the US refuses to invade or attack, the Communists are seriously hampered in their hate-the-US propaganda.

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